

Hirshhorn Seasonal Inflatable Structure (SIS) Project Assessment

April 2013
(draft - 04182013)

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DRAFT

Team Charter

Richard Kurin, the Under Secretary for History, Art and Culture, convened a four-person Smithsonian team to:

- examine various scenarios for the annual operations of the proposed Hirshhorn seasonable inflatable structure (SIS)
- describe and analyze revenues and expenditures as well as staffing and other related matters given those scenarios
- include analysis of risks and benefits, sustainability, and impacts of possible or proposed SIS annual programs, activities, and operations upon the Hirshhorn and the Smithsonian
- gather data through interviews with key HMSG, TSA, Special Events, and OFEO staff; analysis of prior reports; and benchmarking with Smithsonian, related DC, national, and international organizations
- produce a brief but analytic report with findings

Team Charter

The team was NOT charged with:

- assessing fundraising prospects and strategy
- analyzing design, fabrication, construction, and installation costs
- critiquing the proposed Center for Creative Dialogue programming

Baseline Assumptions

- The Seasonal Inflatable Structure (SIS) would be an architectural landmark for the Smithsonian on the Mall
- Recent exhibitions have raised the profile of the Hirshhorn and brought in new audiences
- Program and cost analyses are based on one, eight-week season per year in either the spring or the fall
- The SIS is projected to have a ten-year lifespan
- Construction of the SIS is contingent on raising the full project budget
- Existing project construction budget does not include costs for programming and event operations
- Based on project cost of ~\$12.3M for build-out of the full SIS concept, with seated audience capacity for programs of 500
- The SIS design does not include restrooms, café, storage, or loading facilities

Three Scenarios

- **Scenario 1: Center for Creative Dialogue**
(proposed Hirshhorn plan)

Centerpiece is three, 3-day “conferences”

- **Scenario 2: Special Events Venue**

Revenue-generating events only

- **Scenario 3: Public Program Venue**

Mixed schedule of public programming and special events

Scenario 1: Center for Creative Dialogue

Annual Full Operating Budget

	HMSG Estimate	Team Estimate
Revenue / Funding Sources		
Corporate/Institutional Sponsorship [1]	\$500,000	\$300,000
Ticketing Revenue [2]	\$497,200	\$497,200
Special Events Revenue (Co-hosted donations) [3]	\$167,500	\$105,000
Gala [4]	\$475,000	\$300,000
Smithsonian Contribution [5]	\$400,000	\$400,000
Total Funding Sources	\$2,039,700	\$1,602,200
Programmatic Expenses		
Gala	(\$142,450)	(\$142,450)
Conference Expenses	(\$957,605)	(\$1,134,355)
Conference / Special Events Staffing [6]	(\$202,500)	(\$568,662)
Public Art Programs	\$0	(\$20,000)
Operational Expenses		
Installation/De-installation [7]	(\$958,000)	(\$958,000)
Yearly Storage [5] [7]	(\$107,000)	(\$107,000)
Security, Maintenance, Operations and Utilities [5]	(\$73,000)	(\$73,000)
Total Expenses	(\$2,440,555)	(\$3,003,467)
Net Gain / (Loss)	(\$400,855)	(\$1,401,267)

[1] Smithsonian benchmarking provided funding levels for comparable programs: "Lead/Major Donor" category is \$100K for the Folklife Festival, \$125K for Congressional Night, and other comparable SI events garner \$10K to \$50K.

[2] No change to Hirshhorn estimate. Ticket comps ranged from \$25 for TSA events to \$5,000 for TEDMED and \$8,000 for Aspen. The closest comparable was \$590 for a 3-day, Tate Modern conference with 400 attendees including meals.

[3] Smithsonian and non-SI Washington, DC benchmarking priced the SIS at \$15K for evening events and \$5K for daytime events. Team estimate maintained the 4 evening and 9 daytime events projected by HMSG.

[4] Benchmarking against comparable SI galas led to a revision in estimated Gala revenue to \$300K or two times expenses. This figure exceeds what was raised by the Ai Weiwei gala.

[5] The Smithsonian will contribute \$200K in in-kind federal OFEO support to cover yearly storage, security, maintenance and utilities and \$200K in trust support for programmatic expenses.

[6] Benchmarking data led to a revised staffing estimate of 1 full-time IS14 conference director, 1 full-time IS13 conference mgr., 2 full-time IS9 program assistants, 1 full-time IS11 special events mgr., 4 contract program assistants (4 mos. at \$20K), 1 contract stage mgr. (3 wks. at \$15K), and 1 contract stage designer (3 wks. at \$7.5K).

[7] The \$12.3M construction cost estimate does not include two years of installation/de-installation and one year of storage.

Scenario 1: Center for Creative Dialogue

Discussion

Details

- Program as described in HMSG proposal October 2012
- Special event revenue based on nine daytime and four evening events

Strengths

- This type of arts/culture dialogue does not exist in DC
- Facilitating the arts/culture dialogue is important
- Association with the Smithsonian is compelling
- Program would heighten the visibility of the Hirshhorn and foster new partnerships and global audiences
- The SIS would be a unique and special program venue
- DC is a destination city
- Access to government and thought leaders strengthens programming

Scenario 1: Center for Creative Dialogue

Discussion

Challenges

- Significant impact on current Hirshhorn programming, fundraising, and staff
- Additional staffing required to execute the CCD program
- Venue competition (plug-and-play, open space, size limitation, seasonal nature)
- Development time for program
- Competition with other SI programs/events
- Complexity and cost of scheduling and managing high-level participants/retinues
- Unknowns of establishing an audience (price points, comps, students)
- Competitive sponsorship market (season, location)
- Smithsonian limitations on sponsor benefits
- Need for break-out spaces, networking areas, lounges
- Community-building among speakers and participants (in DC social culture)
- Infrastructure costs and logistics (a/v, restrooms, catering, loading dock, accessibility)
- DC is an expensive city (hotels, transportation, food)
- Limited public access to the SIS

Scenario 2: Special Events Venue

Annual Full Operating Budget

	Team Estimate
Revenue / Funding Sources	
Corporate/Institutional Sponsorship [1]	\$50,000
Special Events Revenue (Co-hosted donations) [2]	\$360,000
Gala [3]	\$300,000
Smithsonian Contribution [4]	\$200,000
Total Funding Sources	\$910,000
Operational Expenses	
Gala	(\$142,450)
Special Events Staffing [5]	(\$80,895)
Installation/De-installation [6]	(\$958,000)
Yearly Storage [4] [6]	(\$107,000)
Security, Maintenance, Operations and Utilities [4]	(\$73,000)
Total Expenses	(\$1,361,345)
Net Gain / (Loss)	(\$451,345)

[1] Smithsonian benchmarking provided funding levels for comparable programs. However, without programming, the value to sponsors is reduced significantly.

[2] SI and non-SI Washington, DC benchmarking priced the SIS at \$15K for evening events and \$5K for daytime events. SI experts estimated a maximum of 20 evening and 12 daytime events over an 8-week period.

[3] Benchmarking against comparable SI galas led to a revision in estimated Gala revenue to \$300K or two times expenses. This figure exceeds what was raised by the Ai Weiwei gala.

[4] The Smithsonian will contribute \$200K in in-kind federal OFEO support to cover yearly storage, security, maintenance and utilities. As there is no programmatic component, there is no trust contribution.

[5] Benchmarking data led to a staffing estimate of 1 full-time IS11 special events manager.

[6] The \$12.3M construction cost estimate does not include two years of installation/de-installation and one year of storage.

Scenario 2: Special Events Venue

Discussion

Details (estimate based on)

- Maximum of 12 daytime events and 20 evening events over the eight-week season
- Revenue of \$5K for daytime event and \$15K for evening event
- Seating of 250 for seated dinner; up to 600 for standing reception
- Total revenue of \$360K

Strengths

- Minimal additional staffing requirements (One special events manager)

Challenges

- No educational value or connection to Hirshhorn or Smithsonian mission
- Limited public access to the SIS
- Revenue stream limited by lack of access to restrooms, loading dock, kitchen/cooking facilities, a/v, ambient conditions
- Competition with other venues

Scenario 3: Public Program Venue

Annual Full Operating Budget

	Team Estimate
Revenue / Funding Sources	
Corporate/Institutional Sponsorship [1]	\$200,000
Special Events Revenue (Co-hosted donations) [2]	\$105,000
Gala [3]	\$300,000
Smithsonian Contribution [4]	\$400,000
Total Funding Sources	\$1,005,000
Programmatic Expenses	
Gala	(\$142,450)
Programmatic Expenses	(\$443,205)
Pub. Program / Special Events Staffing [5]	(\$242,684)
Operational Expenses	
Installation/De-installation [6]	(\$958,000)
Yearly Storage [4] [6]	(\$107,000)
Security, Maintenance, Operations and Utilities [4]	(\$73,000)
Total Expenses	(\$1,966,339)
Net Gain / (Loss)	(\$961,339)

[1] Smithsonian benchmarking provided funding levels for comparable programs: "Lead/Major Donor" category is \$100K for the Folklife Festival, \$125K for Congressional Night, and other comparable SI events garner \$10K to \$50K. However, this type of programming is less valuable to sponsors than the CCD in Option 1.

[2] Smithsonian and non-SI Washington, DC benchmarking priced the SIS at \$15K for evening events and \$5K for daytime events. Assuming a full programming schedule, team estimate maintained the 4 evening and 9 daytime events projected by HMSG in Option 1.

[3] Benchmarking against comparable SI galas led to a revision in estimated Gala revenue to \$300K or two times expenses. This figure exceeds what was raised by the Ai Weiwei gala.

[4] The Smithsonian will contribute \$200K in in-kind federal OFEO support to cover yearly storage, security, maintenance and utilities and \$200K in trust support for programmatic expenses.

[5] Benchmarking data led to a staffing estimate of 2 full-time IS11 Program Specialists and 1 full-time IS11 special events manager.

[6] The \$12.3M construction cost estimate does not include two years of installation/de-installation and one year of storage.

Scenario 3: Public Program Venue

Discussion

Details

- Every program is free and open to the public
- Programming based on 30 invited presenters over the eight-week season (three to five public programs per week)
- Special event revenue based on nine daytime and four evening events

Strengths

- Significant public access
- Flexible mix of public programs including dialogues, art installations, and performance; allows for revenue-generating private events
- Limited additional staffing requirements

Scenario 3: Public Program Venue

Discussion

Challenges

- Impact on current Hirshhorn programming, fundraising, and staff
- Venue competition (plug-and-play, open space, size limitation, seasonal nature)
- Development time for program
- Competition with other SI programs/events
- Scheduling of and costs for participants
- Infrastructure costs and logistics (a/v, restrooms, catering, loading dock, accessibility)

Three Scenario Comparison

	Scenario 1 CCD	Scenario 2 Spec. Events	Scenario 3 Pub. Program
Total Revenue	\$1,602,200	\$910,000	\$1,005,000
Total Expenses	(\$3,003,467)	(\$1,361,345)	(\$1,966,339)
Net Gain / (Loss)	(\$1,401,267)	(\$451,345)	(\$961,339)

Scenario	Strength	Challenge
Scenario 1: Center for Creative Dialogue	This type of arts/culture dialogue does not exist in DC	Significant impact on current Hirshhorn programming, fundraising, and staff
Scenario 2: Special Events Venue	Minimal additional staffing requirements	No educational value or connection to Hirshhorn or Smithsonian mission
Scenario 3: Public Program Venue	Significant public access	Impact on current Hirshhorn programming, fundraising, and staff

Benchmarking

- Organizations spend one to two years planning a program like the CCD.
- It can take up to five years to become established and recognized.
- Organizations have at least three full-time people working on programs of this scale for at least one year in advance; they augment that core team with up to 30 additional people in the months prior.
- All organizations said the greatest costs are in participant accommodation (including retinue) and high-tech audio-visual.
- All organizations liked the concept immensely and felt that there is room in the increasingly competitive “ideas market.”
- All organizations felt that DC is a challenging venue for an “ideas” event.
- All organizations suggested “starting small” with the dialogue concept and providing “proof of concept” before rolling it out on a big scale.
- All organizations acknowledge that a significant percentage (at least 20%) of seats go to comps for sponsors, participants, press, and event “friends.”

Museum Context

- The Hirshhorn is facing budgetary challenges, including erosion of its trust accounts, declining federal appropriations, decreased Board giving, and base fundraising results below historical levels.
- Hirshhorn has lost key staff in critical areas, including advancement, finance, public affairs, and education/programming.
- Staff are carrying additional roles and duties.
- Staff morale has been affected by the ongoing uncertainty surrounding the SIS.
- The exhibition program has been reduced by recent staff and budgetary constraints.
- 2014 marks several important milestones for the Smithsonian in DC: the Hirshhorn's 40th anniversary, the re-opening of the Arts & Industries Building, the 10th anniversary of the National Museum of the American Indian, and the 125th anniversary of the National Zoo.

Questions to Consider

- What is the state of the highly competitive “ideas market,” and what niche would the Center for Creative Dialogue (CCD) fill?
- How will HMSG ensure a large, paying audience at an appropriate price point for the CCD?
- Does the size and location of the venue place limitations on the program?
- How does the CCD integrate with current HMSG or SI programming?
- What is the impact of raising funds for the SIS/CCD on the ability to raise funds for ongoing HMSG exhibits and programs?
- How does the CCD meet HMSG and SI mission goals including broadening access?
- Can the CCD exist outside of the SIS?
- Is there consensus that the CCD reflects the long-term vision of the Hirshhorn and its role in the contemporary arts arena?

Study Resources

Hirshhorn Staff

- Richard Koshalek, Director
- Jennifer Barrett, Director of Development
- Jean Belitsky, Executive Assistant
- Kerry Brougher, Deputy Director and Chief Curator
- Erica Clark, Associate Director for Program Partnerships
- Jessica Dawson, Director of Identity and Outreach
- Milena Kalinovska, Director of Public Programs and Education
- Chris Wailoo, Director of Administration, Finance and Communications

Hirshhorn Trustees

- Connie Kaplan, Acting Board Chair
- Dan Sallick, Technology and Communication Committee Chair
- Paul Schorr, SIS Committee Chair

Smithsonian Staff

- Michael Dunagan, Director of Development, Assistant Secretary for Education and Access
- Patti Dwyer, Associate Director of Finance, The Smithsonian Associates
- Lori Dynan, Product Manager, Smithsonian Enterprises (formerly National Geographic)
- Penne Kirkpatrick, Assistant Director of Programming, Office of Advancement
- Richard Kurin, Under Secretary for History, Art and Culture
- Christopher Liedel, President, Smithsonian Enterprises
- Barbara Strickland, Center for Folklife and Cultural Heritage
- Barbara Tuceling, Director (Former), The Smithsonian Associates

External Consultants

- Mark Benerofe, TED
- Kitty Boone, Vice President and Director of Public Programs, Aspen Institute
- Anna Cutler, Tate Modern